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11

12 UNITED STATES DISTRICT COURT
13 FOR THE CENTRAL DISTRICT OF CALIFORNIA
14 WESTERN DIVISION

15 UNITED STATES OF AMERICA,
16 Plaintiff,
17 v.
18 \$509,573.00 IN BANK FUNDS,
19 Defendant.
20

No. 2:24-cv-

VERIFIED COMPLAINT FOR FORFEITURE

18 U.S.C. §§ 981(a)(1)(A) and (C)
and 984

[U.S.S.S.]

21
22 Plaintiff United States of America brings this claim against
23 defendant \$509,573.00 in Bank Funds, and alleges as follows:

24 **JURISDICTION AND VENUE**

25 1. The government brings this in rem civil forfeiture action
26 pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C) and 984.

27 2. This Court has jurisdiction over the matter pursuant to 28
28 U.S.C. §§ 1345 and 1355.

1 3. Venue lies in this district pursuant to 28 U.S.C. § 1395.

2 **PERSONS AND ENTITIES**

3 4. The plaintiff in this action is the United States of
4 America.

5 5. The defendant in this action is \$509,573.00 in Bank Funds
6 seized pursuant to a federal seizure warrant on November 21, 2023,
7 from a Bank of America account with the last four digits ending in
8 0808 ("BofA Account 0808"), held in the name of XULI Trade Limited
9 (the "defendant funds"). The defendant funds were seized at Bank of
10 America, 888 W 7th St., Los Angeles, CA 90017.

11 6. The defendant funds are currently in the custody of the
12 United States Secret Service ("USSS") in this District, where they
13 will remain subject to this Court's jurisdiction during the pendency
14 of this action.

15 7. The interests of XULI Trade Limited, Simin Zhu, and the
16 victims identified herein as R.S., Q.L., X.Z., W.L, K.D., Y.C., J.C.,
17 M.M., E.D., R.B., T.C., T.G., G.R., and M.K may be adversely affected
18 by these proceedings.

19 **BASIS FOR FORFEITURE**

20 Background on Confidence Frauds

21 8. A "confidence fraud" involves a victim transferring money
22 and/or property as a result of being deceived or misled by the
23 offender. Often a fraudster deceives a victim into believing they
24 have a close relationship--whether familial, friendly, or romantic--
25 and leverages that relationship to persuade the victim to send money,
26 provide personal and financial information, and/or purchase items of
27 value.

28 9. Victims of confidence frauds often do not recognize that

1 they are being defrauded for many months or more, and sometimes never
2 recognize that they have been defrauded, because they are, or believe
3 they are, in a legitimate relationship with the person making the
4 false claims or promises to them. Therefore, it is not uncommon to
5 observe multiple wires and transfers being sent to the same
6 beneficiary or multiple beneficiaries over a period of time. Some
7 victims of confidence frauds are not completely truthful with, or
8 seek to impede law enforcement officers who question them about the
9 money they have transferred, in part to protect their purported
10 friend.

11 10. Sometimes digital currency, also known as "crypto
12 currency," "cryptocurrency" and "virtual currency," is used in
13 confidence frauds. Digital currency is generally defined as an
14 electronic-sourced unit of value that can be used as a substitute for
15 fiat currency (i.e., currency created and regulated by a government),
16 but unlike fiat currency has no physical form and instead exists
17 entirely on the internet. In addition, digital currency is generated
18 and controlled through computer software operating on a decentralized
19 peer-to-peer network. Digital currency is often used for conducting
20 illegal transactions or for concealing or disguising the true nature,
21 source, location, ownership or control of illegally obtained criminal
22 proceeds. Bitcoin is one of the most commonly used digital
23 currencies.

24 11. A digital currency exchange (an "exchange") is a brick-and-
25 mortar or online business that allows customers to trade digital
26 currencies for fiat currencies or other digital currencies. Most
27 exchanges are located outside the United States in order to avoid
28

1 regulation and legal requirements. Coinbase, which operates in the
2 United States, is one of the largest and most popular exchanges.

3 The Law Enforcement Investigation In This Case

4 12. The USSS has investigated a confidence fraud whereby
5 multiple victims transferred funds based on fraudulent pretenses into
6 a Cathay Bank account with the last 4 digits ending in 7373 ("Cathay
7 Account 7373"). A portion of those funds were ultimately transferred
8 into BofA Account 0808 from which the defendant funds were seized.
9 As part of the investigation, the USSS learned the information set
10 forth below.

11 Victim E.D. is Defrauded

12 13. E.D. was contacted on his LinkedIn account by a woman who
13 went by the name Xiao Xue or "Sue". Sue stated she was in the garment
14 business and wanted to enter the construction field, where E.D.
15 worked. After the initial LinkedIn conversation, most other
16 conversations took place on the WhatsApp instant messaging service.

17 14. Sue proposed that E.D. invest in cryptocurrency via the
18 Sundell/FX6 platform and claimed she invested \$200,000 of her own
19 money. On April 11, 2023, believing he was investing in
20 cryptocurrency, E.D. transferred \$300,000.00 to Cathay Account 7373.

21 15. E.D. requested to withdraw his funds after the account
22 value purportedly increased to \$700,000. E.D. was then told to pay
23 25% of the account balance for British tax purposes. E.D. refused to
24 pay this tax fee and was told his account was frozen. E.D. filed a
25 police report with the Okaloosa County Sheriff's Office as he
26 believed he was a victim of fraud.

Victim M.M. is Defrauded

16. M.M. was contacted via Facebook direct messaging by a woman who went by the name Yuan Yuan Chen ("Chen"). All correspondence between M.M. and Chen was through Facebook, via email or speaking via cell phone.

17. Chen eventually convinced M.M. to invest funds in Cornix.com, a purported cryptocurrency trading platform. Chen told M.M. that she would invest \$1,000,000 of her own money to get him started. On April 11, 2023, believing that he was making a cryptocurrency investment with Cornix.com, M.M. transferred \$100,000 to Cathay Account 7373. M.M. received an account number when he made the wire transfer to Cornix.com.

18. M.M. began to grow suspicious of his dealings with Chen and attempted to withdraw his investment but was told to provide an additional \$600,000.00. M.M. was threatened that his account would be closed and that his investments would be sold. The individual who made these threats did not provide their name or phone number. M.M. began to believe he was defrauded when the individual made the request for additional funds and when the individual provided him with an upfront state income tax form from Colorado, which was spelled incorrectly. Ultimately, M.M. didn't send more funds. M.M. said his account with Cornix.com is now closed and that he no longer has access to the funds.

Victim Y.C. is Defrauded

19. Y.C. was contacted on X, formally known as Twitter, by a woman who went by the name "Lucy".

20. Lucy eventually convinced Y.C. to invest \$33,000.00 in a purported cryptocurrency trading platform called Astro EX. On April 11, 2023, believing that she was making a cryptocurrency investment with Astro EX, Y.C. transferred \$33,000 to Cathay Account 7373. Astro EX has since changed to zbnasz.com.

21. After investing her funds, Y.C. checked her current account earnings, which showed a purported balance of \$2,597,981.13. Y.C. attempted to withdraw her funds but was unsuccessful. Y.C. has made numerous attempts to get in contact with Lucy via phone and via X. Y.C. has been unable to get in touch with Lucy or anyone else to assist her with withdrawing her investment and no longer has access to the funds.

Victim R.B. is Defrauded

22. R.B., on an investment website, was contacted by a woman who said she was born in Korea but raised in Malaysia.

23. R.B. was directed by this individual to setup an account with EliteCMF.com, a purported trading platform, with account number 170414. On April 11, 2023, believing he was making a cryptocurrency investment with EliteCMF.com, R.B. transferred \$70,100.00 to Cathay Account 7373.

24. R.B. checked his account balance on EliteCMF.com and learned his initial investment of \$70,100.00 purportedly increased in value to over \$1,000,000. When the value was later decreasing, he was asked to increase his investment by \$500,000. R.B. did not send additional funds to EliteCMF.com and no longer has access to the

1 funds.

2 Tracing Fraud Proceeds into BofA Account 0808

3 25. The following fraudulent proceeds, described above, were
4 deposited into Cathay Account 7373:

5 a. On April 11, 2023, a \$100,000.00 wire from victim
6 M.M.;

7 b. On April 11, 2023, a \$33,000.00 wire from victim Y.C.;

8 c. On April 11, 2023, a \$70,100.00 wire from victim R.B.;

9 and

10

11 d. On April 11, 2023, a \$300,000.00 wire from victim E.D.

12 26. In addition, the USSS has identified 9 additional
13 suspicious deposits into Cathay Account 7373 but has been
14 unsuccessful in contacting and interviewing the individuals
15 associated with the suspicious deposits/transfers and believed to be
16 victims of this scheme. These other presumed victims made
17 \$452,582.00 in suspicious deposits into Cathay Account 7373 (the
18 "Additional Deposits").
19

20 27. The Additional Deposits share similarities with the above-
21 described fraud victim transfers into Cathay Account 7373, in that
22 they (1) were made in the same time period as the above-described
23 transfers of fraud proceeds; (2) were made from individuals in
24 locations throughout the United States without the kind of geographic
25 patterns that might be expected from a legitimate business; (3) were
26 made from people who had not previously deposited funds in Cathay
27 Account 7373; and (4) were made in large round-dollar amounts, which
28

1 are inconsistent with normal business transfers (which typically
2 reflect taxes and other costs). Accordingly, the Additional Deposits
3 are also fraud proceeds from victims of this scheme.

4 28. On May 22, 2023, BofA Account 0808 received tainted funds
5 from Cathay Account 7373 when a \$509,583.00 cashier's check drawn on
6 Cathay Account 7373 was deposited into BofA Account 0808. Therefore,
7 the defendant funds seized by the government from BofA Account 0808
8 represent traceable fraud proceeds.
9

10 **FIRST CLAIM FOR RELIEF**

11 29. Based on the facts set out above, plaintiff United States
12 of America alleges that the defendant funds constitute or are derived
13 from proceeds traceable to violations of 18 U.S.C. § 1343 (wire
14 fraud), which is a specified unlawful activity as defined in 18
15 U.S.C. §§ 1956(c)(7)(A) and 1961(1). The defendant funds are
16 therefore subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C).
17 In addition, to the extent that the defendant funds are not the
18 actual monies directly traceable to the illegal activity identified
19 herein, plaintiff alleges that the defendant funds are identical
20 property found in the same account or place as the property involved
21 in the specified offense, rendering the defendant funds subject to
22 forfeiture pursuant to 18 U.S.C. § 984.

23 **SECOND CLAIM FOR RELIEF**

24 30. Based on the facts set out above, plaintiff United States
25 of America alleges that the defendant funds constitute property
26 involved in multiple transactions or attempted transactions in
27 violation of 18 U.S.C. § 1956(a)(1)(B)(i), or property traceable to
28 such property, with the specified unlawful activity being a violation

1 of 18 U.S.C. § 1343 (wire fraud). The defendant funds are therefore
2 subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A). In
3 addition, to the extent that the defendant funds are not the actual
4 monies directly traceable to the illegal activity identified herein,
5 plaintiff alleges that the defendant funds are identical property
6 found in the same account or place as the property involved in the
7 specified offense, rendering the defendant funds subject to
8 forfeiture pursuant to 18 U.S.C. § 984.

9 **THIRD CLAIM FOR RELIEF**

10 31. Based on the facts set out above, plaintiff United States
11 of America alleges that the defendant funds constitute property
12 involved in multiple transactions or attempted transactions in
13 violation of 18 U.S.C. § 1957(a), or property traceable to such
14 property, with the specified unlawful activity being a violation of
15 18 U.S.C. § 1343 (wire fraud). The defendant funds are therefore
16 subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A). In
17 addition, to the extent that the defendant funds are not the actual
18 monies directly traceable to the illegal activity identified herein,
19 plaintiff alleges that the defendant funds are identical property
20 found in the same account or place as the property involved in the
21 specified offense, rendering the defendant funds subject to
22 forfeiture pursuant to 18 U.S.C. § 984.

23 WHEREFORE, plaintiff United States of America prays that:

24 (a) due process issue to enforce the forfeiture of the
25 defendant funds;

26 (b) due notice be given to all interested parties to appear and
27 show cause why forfeiture should not be decreed;

28 (c) this Court decree forfeiture of the defendant funds to the

1 United States of America for disposition according to law; and
2 (d) for such other and further relief as this Court may deem
3 just and proper, together with the costs and disbursements of this
4 action.

5 Dated: January 22, 2024

E. MARTIN ESTRADA
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MACK E. JENKINS
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Chief, Criminal Division
JONATHAN GALATZAN
Assistant United States Attorney
Chief, Asset Forfeiture and Recovery
Section

11 /s/ Ryan Waters

RYAN WATERS
Assistant United States Attorney

13 Attorneys for Plaintiff
14 United States of America

VERIFICATION

I, Fred Apodaca, hereby declare that:

1. I am a Special Agent with the United States Secret Service.

2. I have read the above Verified Complaint for Forfeiture and know its contents. It is based upon my own personal knowledge and reports provided to me by other law enforcement agents.

3. Everything contained in the Complaint is true and correct, to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed January 16, 2024 in Los Angeles, California.



FRED APODACA
Special Agent